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Investor Outlook

**IPED Housing Tax Credits 101
Conference**

October 18, 2007



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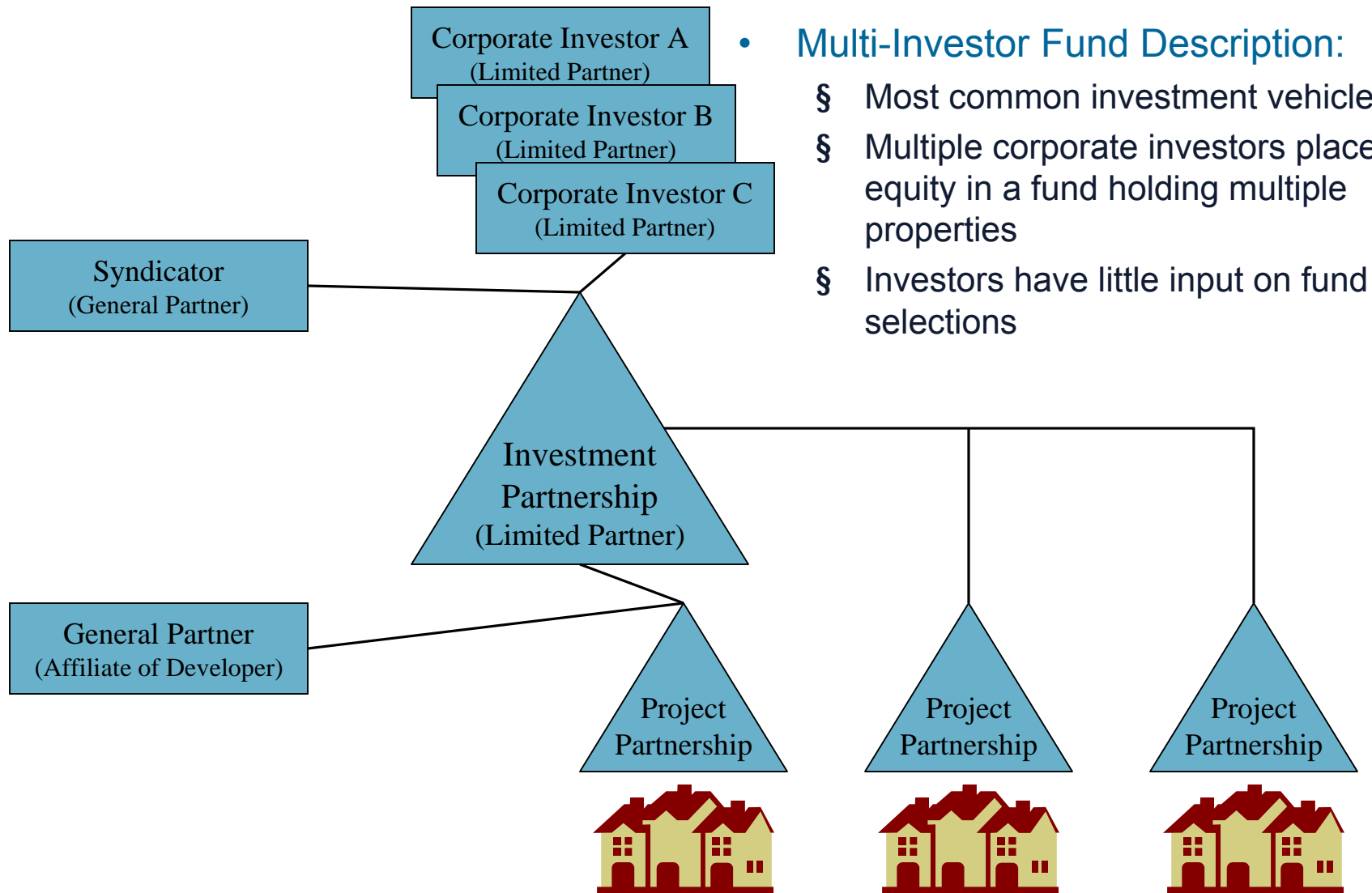
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How Investors Invest and What They Look For

Ways to invest

- Unguaranteed Funds
 - § Multi-investor funds (national or regional funds)
 - § Single investor funds (aka private label funds or separate accounts)
- Guaranteed Funds (Credit enhanced)
 - § Multi-investor funds
 - § Single investor funds
- Direct Investments

Multi-Investor Fund Structure



Developer Quality Determines Success

- Developer quality defined as
 - § Track record
 - Performance on previous MMA investments
 - MMA asset management feedback
 - Schedule of Real Estate
 - § Financial strength
 - Specialist/MMA Investment Committee reviews financial statements
 - Cash flows key to financial strength
 - § Depth of organization
 - Capacity



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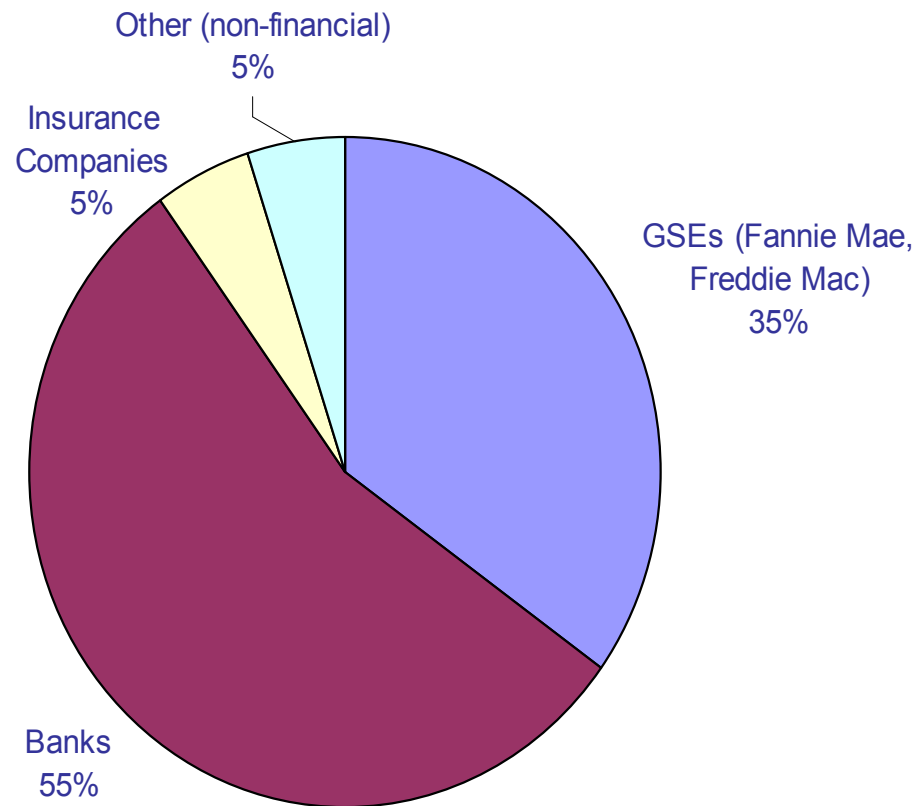
Pricing Outlook

Context for Concerns about Pricing

- Looking into 2008, the industry faces potentially having more deals than capital
- Several major investors have significantly scaled back their investments
- Remaining players are not rushing in to fill the gap—at the low yields that the industry has become accustomed to

The Investor Market Is Neither Broad Nor Deep

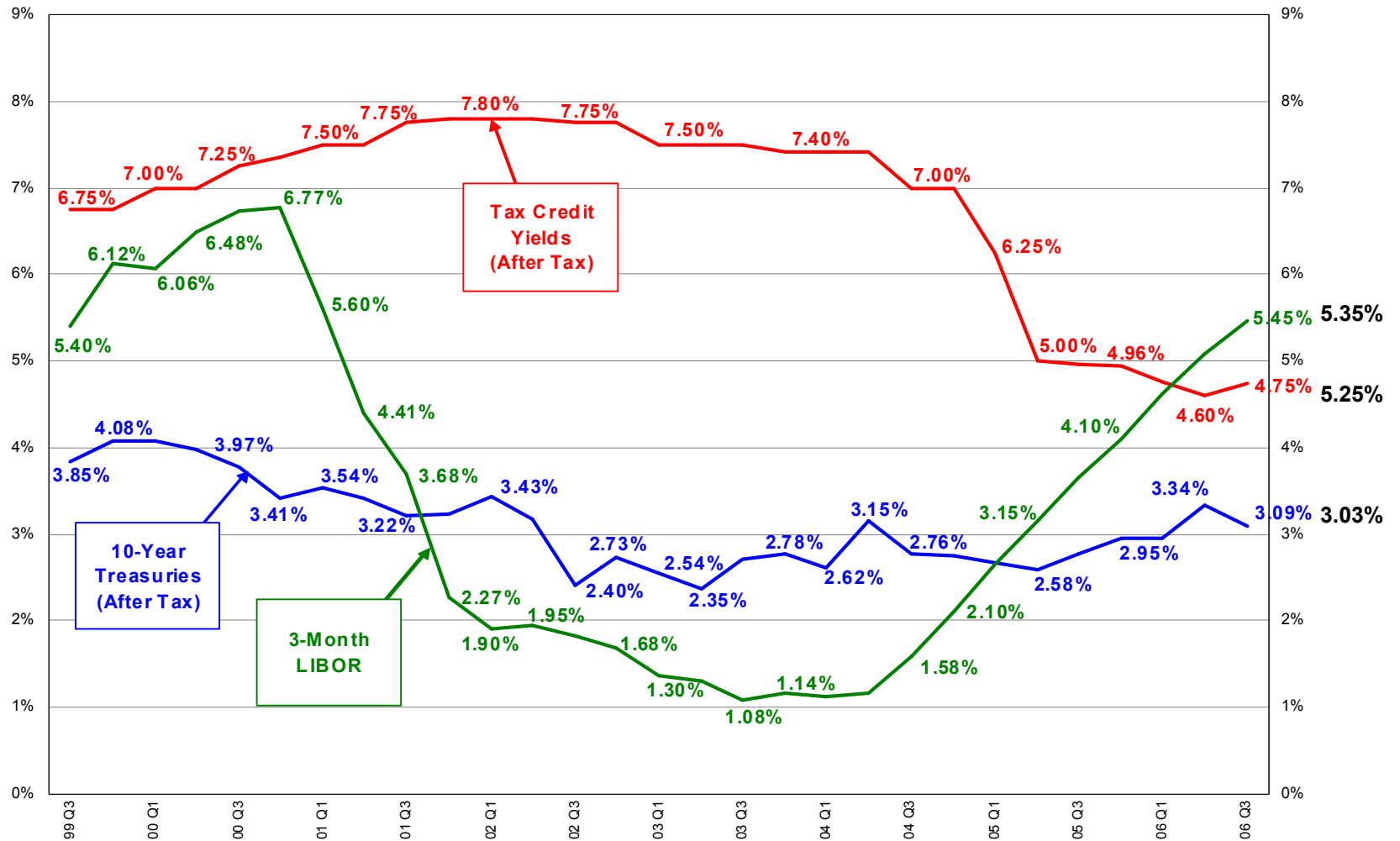
- Total Market = \$8-9 Billion (approx)



Economics 101

- When the supply of investor dollars is greater than the number of deals, prices go up.
- When the supply of investor dollars is less than the number of deals, prices go down.

What's Happened Over Time



Status Check

- Approximately \$3B of capital needs to be replaced in 2008 due to pullbacks from several investors
- There is no longer a financial leverage tool in the syndicator toolbox
- Go Zone credits have materially increased the supply of tax credits
- Secondary market sales of nearly \$1B have pulled capital away from new deals toward old deals reducing the supply of money

Things to Consider

- We expect investor money to be available, but not at yields that the industry has been accustomed to over the past couple of years
- Relationship between investment yield and credit price
- Proforma with as low a price as you're comfortable with (you'd rather be surprised to the upside than to the downside)